

**Ameren's Initial Views on the
Federal Energy Regulatory Commission's
Proposed Rulemaking: Standard Market Design
ICC Electric Policy Committee Meeting
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Presenter: David Whiteley, Senior Vice President, Ameren Services Company

Overview: Pace of movement to SMD is too aggressive – need to assure it is done properly.
SMD will impact the cost of providing service – consumers in traditionally low cost areas will see higher prices.
SMD may impact the reliability of providing service if not done with reliability impacts in mind.

Cost Concerns:

Jurisdictional shift of bundled retail load.
Congestion charges assessed on bundled retail load.
Allocation/Auction of Congestion Revenue Rights to be determined.
Disregard for load growth beyond historical use.
Disregard for dispatch shifts due to generator outages, maintenance, or capacity purchases.
Disregard for changes in physical power flows on system.
Scheduling of generation to serve bundled retail load.
Exposure to imbalance charges, at spot-market prices.
Administrative costs/charges from ITP unknown at this time.
Cost-shifting from historical low-cost providers.
Postage stamp or License plate methods yield cost shifts.
Improper price signals result from cost-shifting.
Benefactors may not be charged properly for the upgrades required to the system.
Seams caused by RTO elections of Illinois companies must be addressed with or without SMD.

Reliability Concerns:

Minimum Planning Reserves are too low.
Should be regionally controlled.
Should apply to ALL LSEs in region or market.
(Note: In one sense, MAIN's present methodology does just that.)
Meaningful penalties must be assessed for failure to produce.
3 year planning reserves must be able to be modified for change in load.
Lack of a transparent capacity reserve market.
States role in SMD is encouraging, especially in area of transmission planning and siting.
Potential to improve siting process and infrastructure improvements.
Assists with regional understanding.

Closing comments:

Utilities and customers might benefit from SMD.
Requires a robust market and fair and impartial implementation.
Requires time to build in the proper signals.